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October 1, 2004

By Hand Delivery

Mary L. Cottrell, Secretary  
Department of Telecommunications and Energy  
One South Station, 2<sup>nd</sup> floor  
Boston, MA 02110

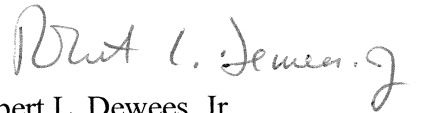
Re: Bay State Gas Company, D.T.E. 04-80

Dear Ms. Cottrell:

Enclosed please find the responses of Bay State Gas Company to the following  
Department record requests: DTE RR-1, DTE RR-2.

Please contact me if you have any questions.

Very truly yours,



Robert L. Dewees, Jr.

RLD/tlm  
Enclosures

cc: Marcella Hickey  
Paul Osborne  
Tom Carey  
Cynthia Bradbury  
James H. Keshian

BOS1423224.1

COMMONWEALTH OF MASSACHUSETTS  
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

RESPONSE OF BAY STATE GAS COMPANY TO THE  
RECORD REQUESTS OF THE DEPARTMENT  
D.T.E. 04-80

Date: October 1, 2004

Witness Responsible: Vincent Rea

DTE RR-1: On Exhibit DTE-14, Attachment DTE 1-14, please explain the \$870,173 balance in Account 211 APIC – Tax Allocation.

RESPONSE: This balance represents the cumulative capital contributions from NiSource Inc., Bay State Gas Company's parent company, made to Bay State pursuant to the intercompany income tax allocation agreement between NiSource and its subsidiaries. Under the tax allocation agreement, subsidiaries with positive tax liabilities, such as Bay State, receive the benefits of NiSource's tax losses and such benefits are allocated to NiSource subsidiaries through a capital contribution, thus resulting in an increase in the subsidiary's paid in capital account.

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Witness Responsible: Vincent Rea

DTE RR-2: On Exhibit DTE-14, Attachment DTE 1-14, please explain the GPE capital investment balance of (\$193,134).

RESPONSE: The \$193,134 represents Bay State Gas Company's initial investment in its subsidiary, Bay State GPE, Inc. ("GPE") and is excluded from Bay State's paid in capital shown in Exhibit DTE-14.

GPE is a wholly owned, single purpose subsidiary of Bay State created to hold Bay State's interest in its Agawam turboexpander co-generation facility.